



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 19, 1998

### **H.R. 2795** **Irrigation Project Contract Extension Act of 1997**

*As ordered reported by the House Committee on Resources on May 20, 1998*

CBO estimates that enacting H.R. 2795 would not have a significant impact on the federal budget. Enacting H.R. 2795 would affect direct spending by reducing offsetting receipts; therefore, pay-as-you-go procedures would apply, but the amounts involved would be insignificant.

H.R. 2795 would extend—for up to three years—contracts between the Bureau of Reclamation and purchasers of irrigation water in Wyoming and Nebraska that receive water from the Glendo Reservoir. The existing contracts will expire on December 31, 1998, but the Secretary of the Interior has the authority under current law to renew these contracts on an annual basis. Such annual renewals require the secretary to prepare an environmental impact statement and carry out mitigation efforts that are in addition to an ongoing study involving uses of water in the area. Based on information provided by the Bureau of Reclamation, CBO estimates that enacting H.R. 2795 would allow the bureau to avoid costs of about \$200,000 in 1999 and smaller amounts in future years. Those costs are subject to the availability of appropriated funds, but the agency is reimbursed by individuals contracting for water and the reimbursements are deposited in the Treasury as offsetting receipts (a form of direct spending). The potential loss of offsetting receipts would match the potential reduction in spending subject to appropriation, and both would be insignificant.

H.R. 2795 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. The contractors affected by this bill generally are governmental entities. Under current law, these contractors would be required to reimburse the Bureau of Reclamation for some of the costs associated with the annual renewal of their contracts, including preparation of environmental impact statements. By extending the contracts for up to three years, this bill would allow the contractors to avoid these costs. As noted above, CBO estimates that the avoided costs would total about \$200,000 in the first year, and less thereafter.

The CBO staff contacts for the estimate of federal costs are Joanna Wilson and Gary Brown. The contact for the impact on state and local governments is Marjorie Miller. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.